

STATEMENT OF REP. JOHN CONYERS, JR.  
Courts, the Internet, and Intellectual Property Subcommittee  
Hearing on H.R. 3632, the "Anticounterfeiting Amendments of 2003"  
February 12, 2004

We all know that the piracy of digital content is a serious problem. After all, the copyright industries are this country's number one export, providing a positive trade balance of approximately \$89 billion. It goes without saying that our content is a valuable resource.

Unfortunately, the value of copyrighted content makes it highly vulnerable to theft, and the losses for affected industries are staggering. The Business Software Alliance estimates that piracy cost software developers worldwide \$13 billion in 2002. The music industry, including songwriters, artists, and record label employees lost \$4.2 billion worldwide the same year. The movie industry loses \$3 billion annually.

While there are laws on the books that deter and punish content piracy, they do not go far enough. There is a problem of copyright pirates getting genuine labels for content and then putting those labels on fake products. This not only harms the real manufacturer of the products but also the consumers. This conduct is virtually permissible because current law makes it illegal to sell fake labels but does not prohibit selling the real labels.

As we consider crafting a new remedy against piracy, though, we should make sure not to outlaw conduct that is and should remain legal. For instance, various industries take advantage of the parallel market to provide goods to consumers at a lower than normal cost. The Supreme Court has upheld this practice, but the market can continue only as long as goods are not tracked by their manufacturers to determine the chain of custody. It is my understanding that this bill would not do that.